

**Asheville Affordable Housing Advisory Committee**  
**March 10, 2015**  
**DRAFT Meeting Notes**

**Attending Members:** Gordon Smith, Cecil Bothwell, Chris Pelly

**Attending Staff:** Jeff Staudinger, Heather Dillashaw, Martha, McGlohon, Cathy Ball, Marvin Feinblatt, Roberta Greenspan, Shannon Capezzali, Tara Irby, Sandra Anderson, Jonathon Jones

**Meeting Notes**

The January 20, 2014 meeting minutes were approved. The motion was made by Chris Pelly and seconded by Cecil Bothwell.

**Updates**

The following items followed a consent agenda:

1. Housing Trust Fund
2. Eagle Market Place Update
3. Affordable Housing Advisory Committee Update
4. Lee Walker Heights
5. Villas Update

Jeff Staudinger confirmed to Gordon Smith that a report would be given for Lee Walker Heights when there were any updates to share. Cecil Bothwell requested the correction of a typo on the staff report regarding the number of HTF loan applications.

**Unfinished Business**

**Consolidated Plan Priorities:**

Gordon stated that the Consolidated Plan process has continued despite the weather delays and would be reviewed twice before going to the Asheville Regional Housing Consortium. The Committee then reviewed the Draft 2015-2019 Consolidated Plan Priorities and Strategies for Asheville

Gordon questioned what the term “permanent” means in terms of affordable housing. Jeff responded that areas across the country are practicing making permanent housing truly permanent as a matter of stewardship. He explained that a significant challenge is determining who enforces a covenant of affordability especially with homeownership. With the Skylofts condominium, there is a covenant to maintain permanent affordability for households at 100% of median income. Considering all of the options, 30 years of affordability could be required for all projects receiving HOME funds. The HOME program allows participating jurisdictions to define periods of affordability. New construction is already required to be affordable for 20 years. Low Income Tax Credits are required to be affordable for 30 years.

Gordon asked if 30 years of affordability should be used instead of the term “permanent”. Chris asked if the issue was more a matter of who monitors. Jeff explained that participating jurisdictions are required to monitor no matter how long the period of affordability is defined. Given that the City maintains capacity to monitor federal funds, the same mechanisms would be used. Cecil asked whether there were any incentives for developers to do something with the units like condos after the affordability period ends. Jeff explained that most of the programs go private at the end of the loan period and poor people get kicked out. In the 90’s, money was invested in some of these deals to keep

them from ravaging the communities. Others like, Mountain Housing Opportunities are committed to maintaining long term affordability, continuing to replace roofs after 20 years and maintain market rate units that will become affordable with subsidy. Gordon stated at the 30 year term clarifies matters and aligns with other initiatives. With developers participating and staff capacity, it would harmonize that we would say 30. The Committee unanimous agreed on setting a 30 year term of affordability.

Gordon addressed affordable housing key principle #6 requiring that CDBG funds must be linked to HOME units. Jeff confirmed that there has to be a direct connection between CDBG and HOME units. MHO may be in-between projects and they are maintaining current units. Gordon asked if HUD had been consulted about MHO using CDBG. Heather Dillashaw responded that staff contacted HUD and hoped to hear back today. Gordon stated that this is a standing issue with HUD. Although housing entities are not guaranteed support, during the application process, measures should be taken to ensure that MHO survives another year. Heather noted there is a predevelopment category, but there have not been any application. CDBG housing services must be tied to an existing HOME unit and HUD is really monitoring the connection.

Gordon noted that he was pleased that the special needs section speaks to Council's priorities. He raised the question about supportive services, questioning whether ongoing social work to keep people in housing would be more appropriate for hospital funding or Health and Human Services instead of affordable housing. Jeff stated that Tenant Based Rental Assistance (TBRA) and housing services are already used to support Rapid Re-housing programs. This helps those who are chronically homeless, but not funding for long periods of time. Targets are for those who are in need of services in terms of acuity not just HUD homelessness. Other funding is required for such projects. Gordon recommended that supportive services partnerships with other providers be highlighted so as to determine what organizations and resources are involved. The Committee agreed that partnership language would be appropriate.

Cecil asked if projects have been incorporating sustainability and food production. Jeff responded that Green Opportunities has tried to include food access and production. Gordon noted that that food production is the issue rather than economic development. It would be worth researching RFP language that will include food production. Jeff replied that this has not been included in affordable housing. It has only been in CDBG funding. Gordon commented that it would be interesting to incorporate the idea and give options to developers. Cecil observed that it would be hard to make a requirement because it seems contingent on who lives in the affordable housing. Gordon pointed out that the priorities are in ranked order.

Chris suggested that, related to sustainable jobs, candidates should not be asked about their criminal history until they considered for hiring. He recommended asked the legal department if such a "ban-the-box" requirement would work for the City. Heather informed the Committee that Buncombe County Re-entry Council was currently working on removing criminal history check boxes from employment applications. Martha McGlohon noted that, currently, the City's Human Resources Department does not do a background check until a candidate is selected and planning to keep the box off of the applications. Committee members agreed on limiting such criminal history questions.

Gordon noted that the priorities were a short piece of the larger Consolidated Plan. Jeff stated that all of the notes will be included in the final Consolidated Plan. Gordon asked if there were any living wage discussion in this plan Jeff remarked that the topic was addressed in the Economic Development section.

Gordon commented that there were quite sophisticated comments from the community which provides a nice balance.

Jeff informed the Committee that with respect to affordable housing, some HOME Consortium members were concerned that requirements that affect “all” affordable housing would be too restricted. Gordon remarked the City could mirror Buncombe County could remove the term.

Jeff reminded the Committee that there would be one more public hearing to present the draft priorities. Chris requested an update on any changes.

#### Bostic Place HTF Loan Deferral

Jeff reminded the Committee of the 2008 Housing trust Fund (HTF) loan to JCS Investments for a project that was later put on hold due to the Recession. He invited J. Carr Swisegood to address the Committee. J. Carr informed the committee that two lots have been built on and donated to Habitat. He stated that one unit sat on market for a year and sold for \$130,000 when others sold for \$150,000. The project was already upside-down on financing with the bank due to the costly investment in infrastructure. Gordon asked what the plan would be to move forward. J. Carr explained that he would be selling a piece of property and would return the funds to the HTF in July 2015. Gordon commented that the timetable would get the funds back in time for HTF allocations. Cecil received confirmation from J. Carr that that interest would continue to be paid until July. The Committee approved a deadline of July 31, 2015 for JCS Investments to repay the HTF loan.

#### New Business

##### River Mill Lofts LUIG Application

Jeff summarized the staff report indicating that that Pace Burt would be representing River Mill Lofts, LLC in developing a 9.52 acre site with 254 residential rental apartments with an estimated total development cost of \$25 million. The developer has scored the project with 50 points, would be requesting a 5 year Land Use Incentive Grant. According to LUIG Policy, the project qualifies for 25 points. Jeff noted that the project would be located ½ mile from major transportation corridor and that Pace would like to have the ¼ transportation requirement waived. He reminded the Committee that this waiver has been granted at for the Glen Bridge development. Such a waiver is not an entitlement, but a decision at the discretion of Council with the first step being a recommendation from HCD.

Gordon commented that a literal reading of the policy, only 25 points would be awarded. Jeff confirmed that without waiver the project would be disqualified. Pace pointed out that the development would be a pioneer project working with City Council. He expressed the goal to exceed RAD Loft’s numbers. He explained that the construction costs were closer to \$20 million and that there would be a \$60,000 loss in income from the affordable component. Although, BB&T bank had concern about rentability, workforce housing would still have positive impact. Pace indicated future plans to participate the program and maybe add some bicycle lanes to improve transportation considerations.

Regarding the LUIG, Chris asked if the \$25 million was different in the long term value. Units are about \$80,000-\$90,000K per unit. These numbers would come down on these projects. Gordon asked for confirmation that the \$65,000 loss per year and \$100,000 for 5 years would result in a \$30,000 return. Pace responded that River Mills Lofts is a 10 year project and workforce housing caps the value. Gordon noted that the value to the bank and the value to the Council are different things.

Chris expressed concern with the waiver given the 9 minute walk to transportation and no sidewalks after leaving the property. Pace stated the intent to try and make the project work with efforts to include a future bike lane. Jeff confirmed to Cecil that points on affordability based on 10 years. Gordon advocated establishing better policy on a program that was created in 2010. Chris recommended working in the boundaries of giving the project 25 points and waiving the transit proximity requirement. Cecil agreed. Gordon expressed confidence in the idea that infrastructure would follow development.

Martha McGlohon suggested that clear reasons be given for waiving the transit requirement as the City Attorney will prefer an explanation. Chris noted that he would not support a waiver and 50 point. The goal would be to provide incentives, but the proximity to Hendersonville Road would still be a stretch. Pace responded that the project was 8 months out, so there would be time. He also confirmed for Cathy Ball that the building permits have not yet been obtained. Cecil offered 25 points with 1/4 mile requirement waiver due to walkable terrain. Chris elaborated that 50 points would be achievable with clear pedestrian access leaving the property. Pace suggested easements might provide access points. Gordon and Cathy recommended delaying a decision until the details could be worked out. Cecil withdrew his motion.

Cathy suggested evaluating policies in light of Pace's project. Chris recommended further conversations between staff and Pace Burt regarding the project. Pace commented that the policy did not appear flexible. Gordon reflected that with differing opinions, case-by-case considerations means that there is no real policy. Martha Commented ¼ mile requirement seems to be a limitation. Cathy stated that a program in place since 2010, but not used probably needs some attention.

#### **Public Comments:**

Kendra Pendland of Green Opportunities took the opportunity to thank the Committee for the funding and support of the GO job training efforts that have experienced new staff, new classes and high enrollment. She stated that she was looking forward to further partnership through CDBG funding.

Anthony Thomas of Green Opportunities expressed excitement to have Michael Carter run the Youth Workforce Training Program. He also informed the Committee of plans to implement a partnership with the City to give 18-24 yr-olds and opportunity to intern with the City of Asheville. He thanked the Committee for their support.

Emily Ball of Homeward Bound stated that her organization is seeking funding from other sources for supportive services. She explained that most housing subsidy does not come from housing services, but help pay a portion of the agency's 15 housing case managers. She stated that providing affordable housing for the homeless is a community process and that does need a lot of funding. Heather Dillshaw affirmed that Homeward Bound recently went through strategic plan process to address homelessness and that she has invited Executive Director, Brian Alexander to present the outcome to the Committee.

Heather distributed a rough draft of the CDBG/HOME funding table and informed the Committee that Dropbox links for applications would be sent out today. Although the new priorities would not be in place when decisions on applications are made, funding would have to comply with the updated priorities. Jeff noted that all applications met at least one priority.

Gordon reported that the Affordable Housing Advisory Committee would be submitting their work plan and planning a housing summit at the April meeting. Jeff recommend working out a budget for the Strategic Partnership Fund that would align with the new priorities.

**Next Meeting.** Tuesday, March 17, 2015 at 9:00a.m. in the 1<sup>th</sup> Floor Conference Room of City Hall.